

184127

Shoals of Anderson, Inc.

Shoals Sewer Company

D. Fred Allen, President

The Shoals

January 25, 2007

2007-40-S

Charles L.A. Terreni
Chief Clerk/Administrator
Public Service Commission of South Carolina
101 Executive Center Drive
Columbia, S.C. 29210

COPY
Posted: led
Dept: S.A.
Date: 1/29/07
Time: 2:50

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2007 JAN 29 PM 12:19
SC PUBLIC SERVICE
COMMISSION

Ref: Application of Shoals Sewer Company, Inc. to transfer its assets to Jay M. Salley and Bonnie J. Santos

Dear Mr. Terreni:

Enclosed please find the application of Shoals Sewer Company, Inc. in the above referenced matter. I am also sending a copy of this application to the Executive Director of the Office of Regulatory Staff and Mrs. Julie McIntyre, head counsel of DHEC.

I would appreciate any assistance you can provide to speed up the approval process, since time is of the essence. If there is anything else you need, do not hesitate to ask. I am

Sincerely,



D. Fred Allen, President
Shoals Sewer Company, Inc.

Cc: Office of Regulatory Staff
Julie McIntyre, DHEC

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BEFORE
THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA
DOCKET NO. 2007 - 40 - S

JANUARY 25, 2007

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COMMISSION

IN RE: Application of Shoals Sewer Company, Inc.)
for approval of transfer of its sewer system to)
Jay M. Salley and Bonnie J. Santos)
_____)

APPLICATION

Shoals Sewer Company, Inc. ("Applicant"), pursuant to applicable Codes and Regulations of the Public Service Commission of South Carolina ("Commission"), hereby applies for and seeks approval of the transfer of its sewer utility system and territory ("Utility") serving The Shoals subdivision and Anchor Point Condominiums ("Customers") in Anderson County, to Jay M. Salley and Bonnie J. Santos ("Buyers"). And in support of its application,

the Applicant will respectfully show unto this Honorable Commission the following:


1. Shoals Sewer Company, Inc. is a South Carolina Corporation authorized to provide sewer services to the Shoals subdivision and Anchor Point Condominiums in Anderson County for compensation as approved and regulated by the Commission.
2. The owner and president of the Applicant has been retired for several years and is no longer mentally and emotionally desirous and/or capable of continuing the operation of the Utility. Also, during this past year, he has had very serious health problems and is no longer physically capable of continuing the operation and therefore needs to withdraw his participation absolutely as soon as possible. As a consequence of these events, the Applicant has also signed a Consent Order with DHEC to sell the Utility company within ninety (90) days or place the Utility in receivership.
3. The Shoals Sewer Company, Inc. is a very small utility company with 107 customers providing service to the Shoals subdivision and Anchor Point Condominiums only and treating approximately 12,000 GPD. Because of its size and customer base, the Utility cannot afford to hire any full time employees, much less accountants, servicemen, repairmen, supervisors, or administrators, and therefore is not capable of operating in the same manner as larger or municipal companies. It therefore should not be held to all the same requirements as larger companies and deserves some discretionary treatment in the approval process.

4. The Applicant has entered into a purchase agreement with the Buyers, subject to Commission approval. The Applicant is very confident that these Buyers will make ideal owners for several reasons, namely being middle aged with knowledge, ability, energy, and desire, and will be available on a daily basis to help maintain and operate the system like the Applicant used to be able to do. For an operation of this size, this is the most critical part of being a successful operation.

THEREFORE, having submitted its application, the Shoals Sewer Company, Inc. respectfully request that the Commission:

- a. Waive the requirement for a formal hearing,
- b. approve the transfer of the Utility from the Applicant to the Buyer,
- c. since time is of the essence, make every effort to process this application as promptly as possible.

Sincerely,

A handwritten signature in black ink, appearing to read "D. Fred Allen", written in a cursive style.

D. Fred Allen, President
Shoals Sewer Company, Inc.
99 Harbor Drive
Anderson, S.C. 29625
(864) 287-3168 or (910) 382-1295

PURCHASE and FINANCEING AGREEMENT

By and Between: D. Fred Allen /dba Shoals Sewer Company, Inc., Seller
99 Harbor Drive, Anderson, S.C. 29625
and
Jay Salley and Bonnie Santos, Buyers
127 Quail Circle, Central, S.C. 29630

The seller is willing to sell and the purchaser is willing to purchase the Shoals Sewer Company, Inc. in Anderson County, S.C. for the sum of \$100,000.00, and the sum of \$500.00 is hereby acknowledged this January 17, 2007 to option this property for 45 days. At the end of the option period, or before at closing, the Buyer shall pay the sum of \$9,500.00 as down payment. The Seller will finance the balance of \$90,000.00 for 24 months at 10% simple interest, to be paid as follows:

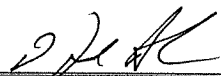
1. Buyer shall pay Seller all the net proceeds (gross income less operating expenses) each of 23 months, less an administration fee for his operation of the company the sum of \$500.00. All these proceeds shall apply to principal and interest to retire the loan. At the 24th month, the Buyer shall pay a balloon payment for the remaining principal and interest due on the loan.
2. There is no pre-payment penalty
3. The Seller shall retain a first mortgage on the property for the life of the loan.


It is understood that the Buyer must be approved by the regulatory agencies as an accepted buyer, and therefore shall promptly apply for and seek their approval during the option period. If approval is not obtained within this time, then this contract shall be null and void.

The Seller shall be responsible for any liabilities prior to closing. At closing, the Buyer shall assume all responsibilities and liabilities of the operation of the Shoals Sewer Company, Inc., and until the loan is paid in full, the Buyer shall operate the sewer company in compliance with all regulatory agencies and shall be responsible for any fines, lawsuits, etc. incurred during the time of his operation, and shall hold D. Fred Allen harmless.

The Seller shall have the right to enter the property and inspect the books at any reasonable time during the time of the loan.

The Seller shall assist in the process to apply for and obtain a rate increase through the Public Service Commission, and when the rate increase becomes effective, the Buyer shall receive an additional \$500.00 per month administrative fee.

Witness: _____ Date: 1/17/07 Seller: 

Witness: _____ Date: 1/17/07 Buyer: 


Witness: _____ Date: _____ Buyer: _____

RESOLUTION

A resolution authorizing the sale of the Shoals Sewer Company, Inc.

The shareholders of the Shoals Sewer Company Inc. held a meeting to discuss the sale of the company. A forum was present. It was unanimously approved to proceed with the sale of the company to Jay M. Salley and Bonnie J. Santos for the sum of \$100,000, of which \$10,000 would be made as a down payment and we would finance the balance of \$90,000 for 24 months at 10% interest. The sale is contingent upon all applicable agencies' approval. We would also assist in obtaining a rate increase.

THEREFORE, be it resolved that D. Fred Allen is empowered to take all necessary steps to carry out this sale, this the 15th day of January, 2007.

Shoals Sewer Company, Inc., by:  D. Fred Allen, President